

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2013
FOR
THE LEGATUM INSTITUTE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

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THE LEGATUM INSTITUTE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2013

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THE LEGATUM INSTITUTE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

MANAGEMENT COMMITTEE'S REPORT FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2013

The Management Committee presents its report and independently examined financial statement for the period ended 31 December 2013. The financial statements are prepared in accordance with the Companies Act 2006, the governing document of the Charitable Company, and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005).

Reference and administration information

Charitable Company name:	The Legatum Institute Foundation
Charitable Company registration number:	1140719
Company registration number:	07430903
Registered office:	11 Charles Street London W1J 5DW
Operational address:	11 Charles Street London W1J 5DW
Management committee:	Warren Harold Lancaster (resigned on 13.01.14) Alan James McCormick Robert Charles Vickers (appointed on 07.01.13) Darrin Russell Arthur Payne (resigned on 31.12.12) Toby Oliver James Baxendale (appointed on 27.06.13) Peter Raymond Barnett (appointed on 27.06.13)
Independent examiner:	Avraam Associates Limited 495 Green Lanes Palmers Green London N13 4BS
Bankers:	Barclays Leicester LE87 2BB
Solicitors:	Bircham Dyson Bell 50 Broadway London SW1H 0BL

THE LEGATUM INSTITUTE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

MANAGEMENT COMMITTEE'S REPORT FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2013 (cont'd)

Governing Document

The Legatum Institute Foundation is a charitable company limited by guarantee, incorporated on 05 November 2010 (the "**Charitable Company**"). The Charitable Company was established pursuant to its Memorandum of Association which sets forth the objects and powers of the Charitable Company and its Governing under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Recruitment and Appointment of Management committee.

The directors of the Charitable Company are also Charitable Company trustees for the purposes of English Charitable Company law and are also classified as members of the management committee, under the Charitable Company's Articles of Association (the "**Management Committee**"). Pursuant to the Memorandum and Articles of Association the members of the Management Committee are elected to serve for a period of three years, after which they are eligible for re-election at the next general meeting of the Charitable Company.

Trustees Induction and Training

The current trustees are familiar with the practical work of the Charitable Company, and in most cases involve themselves actively in the Charitable Company's programmes. New trustees are sought invariably from the fields of entrepreneurship, philanthropy, academia and business. Any new trustees will have the opportunity to shadow a current trustee and the Executive Director.

In 2013 the Charitable Company was started to provide research and insights into economic, political and social policy related to development, governance and the role of social capital in encouraging greater prosperity. The Charitable Company achieves this through supporting robust research, convening, encouraging debate and working collaboratively with its various partners. The Charitable Company places an emphasis on working in research areas that have previously gone unnoticed or are undervalued.

The Charitable Company has been working with its partners to host educational events, and devise programmes in the fields of the Economics of Prosperity, Transitioning Economies and States, and the Culture of Prosperity. The Charitable Company's research focus and strategy has been to ensure that it provides high quality and valuable insights for its audience. We look forward to the next period when the activity of the Charitable Company will increase considerably and the foundational work carried out during this reporting period will show fruit, in publications, events and media presence.

During the reporting period, the Charitable Company consolidated its operational needs and recruited replacement trustees, based on the Charitable Company's future requirements. The Charitable Company also improved its governance structure, and built relationships with a number of interested parties which we hope will provide funding in 2014.

The Charitable Company is now fully operational and will look to develop an exciting range of new research programmes in the future.

Financial Review

This is the second period that the Charitable Company has been operating, and has generated income of £2,500 during the reporting period. Despite this relatively small income, the Charitable Company is still capable of supporting itself, and has scoped out funding prospects for the next period.

Reserves Policy

The Management Committee has examined the Charitable Company's requirements for reserves in light of the risks to the Trust. It has established a policy whereby the level of unrestricted funds, i.e. funds that are not committed, held by the Charitable Company should be between three and six months of expenditure.

THE LEGATUM INSTITUTE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

CHAIRMAN'S REPORT FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2013 (cont'd)

Responsibilities of the Management Committee

The members of the Management Committee are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Management Committee to prepare financial statements for each financial period which give a true and fair view of the state of the affairs to the Charitable Company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial period. In preparing those financial statements, the Management Committee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to assume that the Charitable Company will continue to operate on that basis.

The Management Committee is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charitable Company and to enable its members to ensure that the financial statements comply with the Companies Act 2006. The Management Committee is also responsible for safeguarding the assets of the Charitable Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the members of the Management Committee are aware, there is no relevant information of which the Charitable Company's independent examiners are unaware, and each member of the Management Committee has taken all the steps that they ought to have taken as a member of the Management Committee in order to make them aware of any relevant information and to establish that the Charitable Company's independent examiners are aware of that information.

Members of the Management Committee.

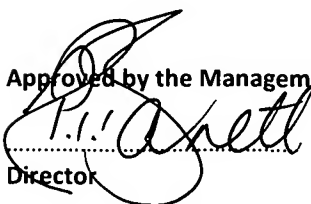
Members of the Management Committee, who are directors for the purpose of company law and trustees for the purpose of Charitable Company law, who served during the period and up to the date of this report are set out on page 1.

Independent examiners report

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and reporting by Charities (issued in March 2005) and accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Avraam Associates Limited were appointed independent examiners and have expressed their willingness to continue in office and a resolution proposing their reappointment will be submitted to Management Committee before the next accounts are due.

Approved by the Management Committee on 29.12.14 and signed on its behalf by:


Director

THE LEGATUM INSTITUTE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT EXAMINERS REPORT TO THE MEMBERS OF THE LEGATUM INSTITUTE FOUNDATION

I report on the accounts of the Charitable Company for the 13 month period ended 31 December 2013, which are set out on pages 5 to 10.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the accounts. The Charitable Company's trustees consider that an audit is not required for this period under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the Charitable Company is not subject to audit under Part 16 of the Companies Act 2006 and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the General Directions given by the Charitable Company Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

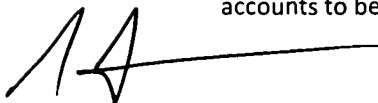
Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charitable Company Commission. An examination includes a review of the accounting records kept by the Charitable Company and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking of explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that, in any material respect, the requirements
 - (a) to keep accounting records in accordance with section 386 of the Companies Act 2006 and
 - (b) to prepare accounts which accord with the accounting records, comply with the accounting requirements of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005) have not been met; or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Costas L Avraam
Avraam Associates Limited
Institute of Chartered Accountants in England & Wales
495 Green Lanes
Palmers Green
London
N13 4BS

Date: 29 September 2014

THE LEGATUM INSTITUTE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)
FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2013

	Note	Unrestricted Funds 2013	Restricted Funds 2013	Period 01.12.12 to 31.12.13	Year Ended 30.11.12 Total Funds
		£	£	£	£
Incoming resources					
Incoming resources from generated funds :					
Voluntary income					
Donations and grants	2	2,500	-	2,500	35,053
Total incoming resources		2,500	-	2,500	35,053
Resources expended					
Governance costs	3	20,979	-	20,979	4,733
Total resources expended		20,979	-	20,979	4,733
Net incoming/(outgoing) resources before transfers		(18,479)	-	(18,479)	30,320
Reconciliation of funds					
Total funds brought forward		20,000	-	20,000	(10,320)
Transfer between reserves		-	-	-	-
Total funds carried forward	8	1,521	-	1,521	20,000

The statement of financial activities includes all gains and losses in the period. All incoming resources and resources expended derive from continuing activities.

The accompanying policies and notes form part of these financial statements.

THE LEGATUM INSTITUTE FOUNDATION
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BALANCE SHEET AS AT 31 DECEMBER 2013

		31 December 2013		30 November 2012
	Notes	£	£	£
CURRENT ASSETS				
Cash at bank		16,358		32,120
		<u>16,358</u>		<u>32,120</u>
CREDITORS - Amounts falling due within one period	7	(14,837)		(12,120)
		<u>(14,837)</u>		<u>(12,120)</u>
NET CURRENT ASSETS			1,521	20,000
			<u>1,521</u>	<u>20,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,521</u>	<u>20,000</u>
RESERVES				
Balance brought forward	8		20,000	(10,320)
Deficit for the period	8		(18,479)	30,320
			<u>(18,479)</u>	<u>30,320</u>
			<u>1,521</u>	<u>20,000</u>

The Charitable Company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 31st December 2013.


The members have not required the company to obtain an audit of its financial statements for the period ended 31st December 2013 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledges their responsibilities for:

- (a) ensuring that the Charitable Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the Charitable Company as at the end of each financial period and of its profit or loss for each financial period in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Charitable Company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standards for Smaller Entities (effective April 2008).

ON BEHALF OF THE BOARD



Director

Approved by the Board on 29.11.14

The notes form part of these financial statements

THE LEGATUM INSTITUTE FOUNDATION
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2013

1. **Accounting Policies**

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period and in the preceding period.

(a) **Basis of accounting**

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005.

(b) **Company Status**

The Charitable Company is a company limited by guarantee. In the event of the Charitable Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charitable Company.

(c) **Fund Accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

(d) **Incoming Resources**

a) Cash donations are included in the accounts when they are received.

b) Incoming resources in respect of voluntary income are accounted for on an accruals basis, provision being made for amounts due but not received until after the period end.

c) Revenue and fixed asset grants are accounted for in the period to which they relate when the grant provider has notified the amounts for the period.

d) Investment income is accounted for on an accruals basis.

(e) **Resources Expended**

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates :

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the Charitable Company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charitable Company and include the accountancy and bookkeeping fees and costs linked to the strategic management of the Charitable Company.

THE LEGATUM INSTITUTE FOUNDATION
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2013
(Cont'd)

2. Donations and grants

	2013	2012
	£	£
InterMediate	-	6,000
Atlantic Council	-	29,053
Buckingham University	2,500	-
	<hr/>	<hr/>
	<u>2,500</u>	<u>35,053</u>

3. Total Resources Expended

	Basis of Allocation	Governance	Period 1.12.12 to 31.12.13	Year Ended 30.11.12 Total Funds
	£	£	£	£
Costs directly allocated to activities				
Accountancy	Direct	2,100	2,100	1,800
Legal and professional	Direct	18,784	18,784	2,783
Catering	Direct	86	86	-
		<hr/>	<hr/>	<hr/>
		<u>20,979</u>	<u>20,979</u>	<u>4,733</u>
Support costs allocated to activities				
Sundry expenses	Usage	-	-	150
Bank charges	Usage	9	9	-
		<hr/>	<hr/>	<hr/>
		<u>20,979</u>	<u>20,979</u>	<u>4,733</u>

THE LEGATUM INSTITUTE FOUNDATION
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2013 (cont'd)

4. TRUSTEE REMUNERATION AND RELATED PARTY TRANSACTIONS

No remuneration or expenses were paid or reimbursed to the trustees during the period (2012 - £nil).

5. TAXATION

As a Charitable Company, The Legatum Institute Foundation is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in respect of the Charitable Company.

6. POST BALANCE SHEET EVENTS

As of 1 June 2014, the majority of the assets of Legatum Institute (LI), a company incorporated in the Cayman Islands were transferred to The Legatum Institute Foundation. Going forward, the Legatum Institute Foundation will now undertake the research and events activities previously operated by LI.

On 12 May 2014, The Legatum Institute Foundation established LIF Trading Limited a company incorporate in England and Wales (company number 09034457). The Legatum Institute Foundation intends to use this LIF Trading Limited as its trading subsidiary.

THE LEGATUM INSTITUTE FOUNDATION
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2013 (cont'd)

7.	CREDITORS: Amounts falling due within one period	2013	2012
		£	£
	Accruals and deferred income	2,100	1,800
	Other creditors	12,737	10,320
		<hr/>	<hr/>
		<u>14,837</u>	<u>12,120</u>

8. **MOVEMENTS IN FUNDS**

	Balance At 1 December 2012 £	Incoming Resources £	Outgoing Resources £	Balance At 31 December 2013 £
Unrestricted Fund :				
Generated Funds	20,000	2,500	(20,979)	1,521
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Unrestricted Fund</i>	<u>20,000</u>	<u>2,500</u>	<u>(20,979)</u>	<u>1,521</u>
Restricted Fund:				
Generated Funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Restricted Fund</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Funds	 <u>20,000</u>	 <u>2,500</u>	 <u>(20,979)</u>	 <u>1,521</u>